

in Internet companies—twice the rate of last year.

According to a University of Texas report, e-commerce is growing at a much faster rate than many had expected. The digital economy generated more than \$300 billion in revenue in 1998 and was responsible for 1.2 million jobs. Many e-commerce companies in my State of Connecticut, like Micro-Warehouse in Norwalk, Coastal Tool & Supply in West Hartford, and Sagemaker Inc. of Fairfield, are leading the way in the digital economy.

In the Senate, I have worked to support the growth of e-commerce by co-sponsoring the Internet Tax Freedom Act which places a three year moratorium on new state and local taxes on the Internet in order to give the digital economy some breathing room to evolve.

This legislation takes further steps to continue the growth of e-commerce and is a powerful follow-on to the Internet Tax Freedom Act. With this legislation we will eliminate a major barrier to e-commerce by providing for the legal recognition of electronic signatures in contracting and by creating a consistent, but temporary, national electronic signatures law to preempt a multitude of sometimes inconsistent state laws. This bill is technology neutral, allowing contracting parties to determine the appropriate electronic signature technology for their transaction. Importantly, this legislation is the result of thoughtful compromise. It gives electronic signatures more legal certainty but also provides for consumer protection. It deals with electronic signatures only in creating contracts. It preempts state law only until the states enact their own statutes and standards as provided for by the Uniform Electronic Transactions Act (UETA).

Mr. President, I thank those who have worked so diligently to create this Act. Through the considerate and collaborative approach of several of my colleagues, including Senators ABRAHAM, LEAHY, and WYDEN, we now have legislation with language that achieves a broad public purpose. We are now able to continue supporting the growth and evolution of electronic commerce and technologies that will effectively bring us into the next century.

Ms. COLLINS. Mr. President, I ask unanimous consent the committee amendment in the nature of a substitute be agreed to as amended, the bill be read the third time and passed, the motion to reconsider laid upon the table, and any statements be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendment in the nature of a substitute was agreed to.

The bill (S. 761), as amended, was read the third time and passed, as follows:

[The bill was not available for printing. It will appear in a future edition of the RECORD.]

UNANIMOUS-CONSENT AGREEMENT

Ms. COLLINS. Mr. President, I ask unanimous consent at 4 p.m. the Senate proceed to the Work Incentives conference report, and that there be 120 minutes equally divided in the usual form, with an additional 10 minutes under the control of Senator LOTT. I further ask consent that following the use or yielding back of time, the vote on the adoption of the conference report occur immediately following the vote on adoption of the conference report to accompany H.R. 3195.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. COLLINS. I further ask consent immediately following the vote on the adoption of the conference report, H. Con. Res. 236 be agreed to, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

CHURCH PLAN PARITY AND ENTANGLEMENT PREVENTION ACT OF 1999

Ms. COLLINS. Mr. President, I ask unanimous consent the health committee be discharged from further consideration of S. 1309 and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 1309) to amend title I of the Employee Retirement Income Security Act of 1974 to provide for the preemption of State law in certain cases relating to certain church plans.

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 2788

(Purpose: To provide for a complete substitute)

Ms. COLLINS. Mr. President, there is a substitute amendment at the desk submitted by Senators SESSIONS and JEFFORDS. I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maine [Ms. COLLINS] for Mr. SESSIONS, for himself, and Mr. JEFFORDS, proposes an amendment numbered 2788.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. PURPOSE.

The purpose of this Act is only to clarify the application to a church plan that is a welfare plan of State insurance laws that require or solely relate to licensing, solvency, insolvency, or the status of such plan as a single employer plan.

SEC. 2. CLARIFICATION OF CHURCH WELFARE PLAN STATUS UNDER STATE INSURANCE LAW.

(a) IN GENERAL.—For purposes of determining the status of a church plan that is a welfare plan under provisions of a State insurance law described in subsection (b), such a church plan (and any trust under such plan) shall be deemed to be a plan sponsored by a single employer that reimburses costs

from general church assets, or purchases insurance coverage with general church assets, or both.

(b) STATE INSURANCE LAW.—A State insurance law described in this subsection is a law that—

(1) requires a church plan, or an organization described in section 414(e)(3)(A) of the Internal Revenue Code of 1986 and section 3(33)(C)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(33)(C)(i)) to the extent that it is administering or funding such a plan, to be licensed; or

(2) relates solely to the solvency or insolvency of a church plan (including participation in State guaranty funds and associations).

(c) DEFINITIONS.—For purposes of this section:

(1) CHURCH PLAN.—The term “church plan” has the meaning given such term by section 414(e) of the Internal Revenue Code of 1986 and section 3(33) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(33)).

(2) REIMBURSES COSTS FROM GENERAL CHURCH ASSETS.—The term “reimburses costs from general church assets” means engaging in an activity that is not the spreading of risk solely for the purposes of the provisions of State insurance laws described in subsection (b).

(3) WELFARE PLAN.—The term “welfare plan”—

(A) means any church plan to the extent that such plan provides medical, surgical, or hospital care or benefits, or benefits in the event of sickness, accident, disability, death or unemployment, or vacation benefits, apprenticeship or other training programs, or day care centers, scholarship funds, or prepaid legal services; and

(B) does not include any entity, such as a health insurance issuer described in section 9832(b)(2) of the Internal Revenue Code of 1986 or a health maintenance organization described in section 9832(b)(3) of such Code, or any other organization that does business with the church plan or organization sponsoring or maintaining such a plan.

(d) ENFORCEMENT AUTHORITY.—Notwithstanding any other provision of this section, for purposes of enforcing provisions of State insurance laws that apply to a church plan that is a welfare plan, the church plan shall be subject to State enforcement as if the church plan were an insurer licensed by the State.

(e) APPLICATION OF SECTION.—Except as provided in subsection (d), the application of this section is limited to determining the status of a church plan that is a welfare plan under the provisions of State insurance laws described in subsection (b). This section shall not otherwise be construed to recharacterize the status, or modify or affect the rights, of any plan participant or beneficiary, including participants or beneficiaries who make plan contributions.

Ms. COLLINS. I ask unanimous consent that the amendment be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2788) was agreed to.

Ms. COLLINS. Mr. President, I ask unanimous consent the bill be read the third time and passed, as amended, the motion to reconsider be laid upon the table and any statements be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1309), as amended, was read the third time and passed, as follows:

S. 1309

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PURPOSE.

The purpose of this Act is only to clarify the application to a church plan that is a welfare plan of State insurance laws that require or solely relate to licensing, solvency, insolvency, or the status of such plan as a single employer plan.

SEC. 2. CLARIFICATION OF CHURCH WELFARE PLAN STATUS UNDER STATE INSURANCE LAW.

(a) **IN GENERAL.**—For purposes of determining the status of a church plan that is a welfare plan under provisions of a State insurance law described in subsection (b), such a church plan (and any trust under such plan) shall be deemed to be a plan sponsored by a single employer that reimburses costs from general church assets, or purchases insurance coverage with general church assets, or both.

(b) **STATE INSURANCE LAW.**—A State insurance law described in this subsection is a law that—

(1) requires a church plan, or an organization described in section 414(e)(3)(A) of the Internal Revenue Code of 1986 and section 3(33)(C)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(33)(C)(i)) to the extent that it is administering or funding such a plan, to be licensed; or

(2) relates solely to the solvency or insolvency of a church plan (including participation in State guaranty funds and associations).

(c) **DEFINITIONS.**—For purposes of this section:

(1) **CHURCH PLAN.**—The term “church plan” has the meaning given such term by section 414(e) of the Internal Revenue Code of 1986 and section 3(33) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(33)).

(2) **REIMBURSES COSTS FROM GENERAL CHURCH ASSETS.**—The term “reimburses costs from general church assets” means engaging in an activity that is not the spreading of risk solely for the purposes of the provisions of State insurance laws described in subsection (b).

(3) **WELFARE PLAN.**—The term “welfare plan”—

(A) means any church plan to the extent that such plan provides medical, surgical, or hospital care or benefits, or benefits in the event of sickness, accident, disability, death or unemployment, or vacation benefits, apprenticeship or other training programs, or day care centers, scholarship funds, or prepaid legal services; and

(B) does not include any entity, such as a health insurance issuer described in section 9832(b)(2) of the Internal Revenue Code of 1986 or a health maintenance organization described in section 9832(b)(3) of such Code, or any other organization that does business with the church plan or organization sponsoring or maintaining such a plan.

(d) **ENFORCEMENT AUTHORITY.**—Notwithstanding any other provision of this section, for purposes of enforcing provisions of State insurance laws that apply to a church plan that is a welfare plan, the church plan shall be subject to State enforcement as if the church plan were an insurer licensed by the State.

(e) **APPLICATION OF SECTION.**—Except as provided in subsection (d), the application of this section is limited to determining the status of a church plan that is a welfare plan under the provisions of State insurance laws described in subsection (b). This section shall not otherwise be construed to recharac-

terize the status, or modify or affect the rights, of any plan participant or beneficiary, including participants or beneficiaries who make plan contributions.

Mr. LEAHY. Mr. President, the Senate is today passing an important bill, S. 1257, the Hatch-Leahy-Schumer “Digital Theft Deterrence and Copyright Damages Improvement Act of 1999.” This legislation should help our copyright industries, which in turn helps both those who are employed in those industries and those who enjoy the wealth of consumer products, including books, magazines, movies, and computer software, that makes the vibrant culture of this country the envy of the world. This legislation has already traveled an unnecessarily bumpy road to get to this stage, and it is my hope that it will be sent promptly to the President’s desk.

On July 1, 1999, the Senate passed four intellectual property bills which Senator HATCH and I had joined in introducing and which the Judiciary Committee had unanimously reported. Each of these bills (S. 1257, which we consider today; S. 1258, the Patent Fee Integrity and Innovation Protection Act; S. 1259, the Trademark Amendments Act; and S. 1260, the Copyright Act Technical Corrections Act) make important improvements to our intellectual property laws, and I congratulate Senator HATCH for his leadership in moving these bills promptly through the Committee.

Three of those four bills then passed the House without amendment and were signed by the President on August 5, 1999. The House sent back to the Senate S. 1257, the Digital Theft Deterrence and Copyright Damages Improvement Act, with two modifications which I will describe below.

I have long been concerned about reducing the levels of software piracy in this country and around the world. The theft of digital copyrighted works and, in particular, of software, results in lost jobs to American workers, lost taxes to Federal and State governments, and lost revenue to American companies. A recent report released by the Business Software Alliance estimates that worldwide theft of copyrighted software in 1998 amounted to nearly \$11 billion. According to the report, if this “pirated software has instead been legally purchased, the industry would have been able to employ 32,700 more people. In 2008, if software piracy remains at its current rate, 52,700 jobs will be lost in the core software industry.” This theft also reflects losses of \$991 million in tax revenue in the United States.

These statistics about the harm done to our economy by the theft of copyrighted software alone, prompted me to introduce the “Criminal Copyright Improvement Act” in both the 104th and 105th Congresses, and to work for passage of this legislation, which was finally enacted as the “No Electronic Theft Act of 1997,” Pub. L. 105-147. The current rates of software piracy show

that we need to do better to combat this theft, both with enforcement of our current copyright laws and with strengthened copyright laws to deter potential infringements.

The Hatch-Leahy-Schumer “Digital Theft Deterrence and Copyright Damages Improvement Act” would help provide additional deterrence by amending the Copyright Act, 17 U.S.C. §504(c), to increase the amounts of statutory damages recoverable for copyright infringements. These amounts were last increased in 1988 when the United States acceded to the Berne Convention. Specifically, the bill would increase the cap on statutory damages by 50 percent, raising the minimum from \$500 to \$750 and raising the maximum from \$20,000 to \$30,000. In addition, the bill would raise from \$100,000 to \$150,000 the amount of statutory damages for willful infringements.

Courts determining the amount of statutory damages in any given case would have discretion to impose damages within these statutory ranges at just and appropriate levels, depending on the harm caused, ill-gotten profits obtained and the gravity of the offense. The bill preserves provisions of the current law allowing the court to reduce the award of statutory damages to as little as \$200 in cases of innocent infringement and requiring the court to remit damages in certain cases involving nonprofit educational institutions, libraries, archives, or public broadcasting entities.

Finally, the bill provides authority for the Sentencing Commission expeditiously to fulfill its responsibilities under the No Electronic Theft Act, which directed the Commission to ensure that the guidelines provide for consideration of the retail value and quantity of the items with respect to which the intellectual property offense was committed. Since the time that this law became effective, the Sentencing Commission has not had a full slate of Commissioners serving. In fact, we have had no Commissioners since October, 1998. This situation was corrected last week with the confirmation of seven new Commissioners.

As I noted, the House amended the version of S. 1257 that the Senate passed in July in two ways. First, the original House version of this legislation, H.R. 1761, contained a new proposed enhanced penalty for infringers who engage in a repeated pattern of infringement, but without any scienter requirement. I shared the concerns raised by the Copyright Office that this provision, absent a willfulness scienter requirement, would permit imposition of the enhanced penalty even against person who negligently, albeit repeatedly, engaged in acts of infringement. Consequently, the Hatch-Leahy-Schumer bill, S. 1257, that we sent to the House in July avoided casting such a wide net, which could chill legitimate fair uses of copyrighted works. Instead, the bill we sent to the House would have created a new tier of statutory

damages allowing a court to award damages in the amount of \$250,000 per infringed work where the infringement is part of a willful and repeated pattern or practice of infringement. The entire "pattern and practice" provision, which originated in the House, has been removed from the version of S. 1257 sent back to the Senate.

Second, the original House version of this legislation provided a direction to the Sentencing Commission to amend the guidelines to provide an enhancement based upon the retail price of the legitimate items that are infringed and the quantity of the infringing items. I was concerned that this direction would require the Commission and, ultimately, sentencing judges to treat similarly a wide variety of infringement crimes, no matter the type and magnitude of harm. This was a problem we avoided in the carefully crafted Sentencing Commission directive originally passed as part of the No Electronic Theft Act. Consequently, the version of S. 1257 passed by the Senate in July did not include the directive to the Sentencing Commission. The House then returned S. 1257 with the same problematic directive to the Sentencing Commission.

I appreciate that my House colleagues and interested stakeholders have worked over the past months to address my concerns over the breadth of the proposed directive to the Sentencing Commission, and to find a better definition of the categories of cases in which it would be appropriate to compute the applicable sentencing guideline based upon the retail value of the infringed upon item. A better solution than the one contained in the No Electronic Theft Act remains elusive, however.

For example, one recent proposal seeks to add to S. 1257 a direction to the Sentencing Commission to enhance the guideline offense level for copyright and trademark infringements based upon the retail price of the legitimate products multiplied by the quantity of the infringing products, except where "the infringing products are substantially inferior to the infringed upon products and there is substantial price disparity between the legitimate products and the infringing products." This proposed direction appears to be under-inclusive since it would not allow a guideline enhancement in cases where fake goods are passed off as the real item to unsuspecting consumers, even though this is clearly a situation in which the Commission may decide to provide an enhancement.

In view of the fact that the full Sentencing Commission has not had an opportunity for the past two years to consider and implement the original direction in the No Electronic Theft Act, passing a new and flawed directive appears to be both unnecessary and unwise. This is particularly the case since the new Commissioners have already indicated a willingness to consider this issue promptly. In response to ques-

tions posed at their confirmation hearings, each of the nominated Sentencing Commissioners indicated that they would make this issue a priority. For example, Judge William Sessions of the District of Vermont specifically noted that:

If confirmed, our first task must be to address Congress' longstanding directives, including implementation of the guidelines pursuant to the NET Act. Congress directed the Sentencing Commission to fashion guidelines under the NET Act that are sufficiently severe to deter such criminal activity. I personally favor addressing penalties under this statute expeditiously.

I fully concur in the judgment of Chairman HATCH that the Sentencing Commission directive provision added by the House and to send, again, S. 1257 to the House for action.

This bill represents an improvement in current copyright law, and I hope that it will soon be sent to the President for enactment.

TO AMEND THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

Ms. COLLINS. Mr. President, I ask unanimous consent the Agriculture Committee be discharged from further consideration of S. 961, and the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 961) to amend the Consolidated Farm and Rural Development Act to improve shared appreciation arrangements.

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 2789

(Purpose: To provide a substitute amendment)

Ms. COLLINS. Mr. President, there is a substitute amendment at the desk submitted by Senator BURNS, and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maine [Ms. COLLINS] for Mr. BURNS, proposes an amendment numbered 2789.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHARED APPRECIATION ARRANGEMENTS.

(a) IN GENERAL.—Section 353(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)) is amended by striking paragraph (2) and inserting the following:

"(2) TERMS.—A shared appreciation agreement entered into by a borrower under this subsection shall—

"(A) have a term not to exceed 10 years;

"(B) provide for recapture based on the difference between—

"(i) the appraised value of the real security property at the time of restructuring; and

"(ii) that value at the time of recapture, except that that value shall not include the value of any capital improvements made to the real security property by the borrower after the time of restructuring; and

"(C) allow the borrower to obtain a loan, in addition to any other outstanding loans under this title, to pay any amounts due on a shared appreciation agreement, at a rate of interest that is not greater than the rate of interest on outstanding marketable obligations of the United States of a maturity comparable to that of the loan.".

(b) APPLICATION.—The amendment made by subsection (a) shall apply to a shared appreciation arrangement entered into under section 353(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)) that matures on or after the date of enactment of this Act.

Ms. COLLINS. Mr. President, I ask unanimous consent the amendment be agreed to, the bill be read the third time and passed as amended, the motion to reconsider be laid upon the table, and that any statements be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 2789) was agreed to.

The bill (S. 961), as amended, was read the third time and passed, as follows:

[The bill was not available for printing. It will appear in a future edition of the RECORD.]

COPYRIGHT DAMAGES IMPROVEMENT ACT OF 1999

Ms. COLLINS. I ask unanimous consent the Chair lay before the Senate a message from the House to accompany S. 1257.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1257) entitled "An Act to amend statutory damages provisions of title 17, United States Code", do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Copyright Damages Improvement Act of 1999".

SEC. 2. STATUTORY DAMAGES ENHANCEMENT.

Section 504(c) of title 17, United States Code, is amended—

(1) in paragraph (1)—

(A) by striking "\$500" and inserting "\$750"; and

(B) by striking "\$20,000" and inserting "\$30,000"; and

(2) in paragraph (2), by striking "\$100,000" and inserting "\$150,000".

SEC. 3. SENTENCING COMMISSION GUIDELINES.

Section 2(g) of the No Electronic Theft (NET) Act (28 U.S.C. 994 note) is amended by striking paragraph (2) and inserting the following:

"(2) In implementing paragraph (1), the Sentencing Commission shall amend the guideline applicable to criminal infringement of a copyright or trademark to provide an enhancement based upon the retail price of the legitimate items that are infringed upon and the quantity of the infringing items. To the extent the conduct involves a violation of section 2319A of title 18, United States Code, the enhancement shall be based upon the retail price of the infringing items and the quantity of the infringing items.

"(3) Paragraph (1) shall be implemented not later than 3 months after the later of—

"(A) the first day occurring after May 20, 1999; or

"(B) the first day after the date of the enactment of this paragraph,